

Message Text

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ACTION EB-08

INFO OCT-01 ARA-14 EUR-12 ISO-00 SOE-02 AID-05 CEA-01

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FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 9641

INFO AMEMBASSY PARIS

AMEMBASSY MADRID

UNCLAS GUATEMALA 1730

E.O. 11652: N/A

TAGS: ENRG, GT

SUBJ: PETROLEUM: FIVE COMPANIES SUBMIT EXPLORATION BIDS

REF: A. GUATEMALA 0568, B. GUATEMALA 0332,

1. FIVE COMPANIES HAVE BID ON FOUR OF SIX AREAS OFFERED BY THE GOVERNMENT OF GUATEMALA. THE BIDDERS WERE TEXACO/AMOCO, WHICH BID ON AREAS D AND E; GETTY AND ELF-AQUITAIN, WHO SUBMITTED COMPETING BIDS FOR AREA BB; AND HISPANICO DE PETROLEO, WHICH SUBMITTED BIDS FOR AREA AA. BECAUSE NO ONE COMPANY OR COMBINATION OF COMPANIES MAY SUBMIT FOR MORE THAN ONE AREA, THE TEXACO/AMOCO BID FOR AREAS D AND E CAN RESULT IN ONLY ACCEPTANCE FOR ONE OF THE AREAS. THUS, ONLY THREE OF THE SIX AREAS WERE EFFECTIVELY BID FOR.

2. VARIOUS GOVERNMENT OFFICIALS HAVE EXPLAINED THE LACK OF INTERNATIONAL OIL COMPANY INTEREST IN THE BIDDING. KEY IN THEIR EXPLANATION IS THE RIGOR OF THE GUATEMALAN LAW IN PROTECTING THE STATE'S INTERESTS. PARTICIPATION MIGHT HAVE BEEN EVEN SMALLER HAD NOT THE NEW LAW BEEN CHANGED AT THE LAST MINUTE TO ELIMINATE A CPAUSE WHICH PLACED LEGAL RESPONSIBILITY ON THE PARENT COMPANY FOR ALL OBLIGATIONS UNDERTAKEN BY A SUBSIDIARY. A FURTHER UNCLASSIFIED

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DISINCENTIVE TO PARTICIPATION WAS THE DIFFICULTY EXPERIENCED BY BASIC RESOURCES, A LUXEMBOURG FIRM WHICH HAS FOUND A SMALL AMOUNT OF OIL IN GUATEMALA, IN OBTAINING A USEFUL DECISION FROM THE GOVERNMENT ON PIPELINE CONSTRUCTION RIGHTS.

3. LOOKING AT THE OVERALL RESPONSIBILITY OF THE GUATEMALAN GOVERNMENT AND ITS TRADITIONAL BIAS IN FAVOR OF PRIVATE ENTERPRISE, THE

FEW PARTICIPATING COMPANIES FOUND A BALANCE WHICH LED THEM TO
SUBMIT OFFERS. HOWEVER, IT MAY BE THAT UNDER THE TIGHT CONDITIONS
DICTATED BY THE PRESENT LAW AND REGULATIONS, THE RISK OF EXPLOR-
ATION IS HIGH AND WILL PAY OUT ONLY IF BONANZA OIL FOR EXPORT IS
DISCOVERED. HOPES SUPPORTING THIS PREMISE ARE RELATED TO THE HIGH
PRODUCTIVITY OF THE LARGE DEPOSITS RECENTLY DISCOVERED IN THE
REFORMA AREA OF MEXICO.

4. A GOVERNMENT DECISION CONTRACTING THE AREAS TO THE BIDDERS
MUST BE REACHED BY EARLY MAY.
BOSTER

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Message Attributes

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